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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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On file OMB release instructions apply.

August 9, 1976

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY ✓
THE ADMINISTRATOR OF GENERAL SERVICES
THE ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
THE CHAIRMAN, CIVIL SERVICE COMMISSION
THE ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION
THE ADMINISTRATOR OF VETERANS AFFAIRS
THE ADMINISTRATOR, ENERGY, RESEARCH AND DEVELOPMENT ADMINISTRATION
THE ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY
THE ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION

SUBJECT: Correction to Presidential Management Initiatives Memorandum of July 27, 1976

Attached is a revised Section 5, Personnel Management, to the July 27, 1976 memorandum signed by James T. Lynn, Director, concerning Presidential Management Initiatives. Please insert this revision to Section 5 in the proper place within the memorandum.

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5. PERSONNEL MANAGEMENT

Executive Selection and Development - Identification and training of personnel having executive promise, and development of incumbent executives.

Work Force Quality - Evaluation of employee programs which affect overall work force quality, specifically: recruitment, employee performance evaluation, career advancement, managerial incentives and training.

Position and Classification Management - Systematic reexamination of internal systems, and appropriate corrective action to restrain grade escalation and to eliminate duplication of work or under-utilization of personnel.

Productivity Measurement - Improvement of productivity measurement and extension of such measurements to functions not presently covered, as a means of judging both managerial and individual staff performance and of improving productivity.

Employment Ceilings - Adherence to Presidential employment ceilings and avoidance of congressionally mandated minimum employment levels.

A. Agencies should establish and improve comprehensive selection and development systems, under Executive Manpower Resources Boards, providing:

   - Selection processes which ensure that, when management vacancies occur, they are filled carefully with the best qualified individuals available.

   - Identification of mid-career employees with the greatest managerial potential, and provision of developmental experience to prepare them for future responsibilities.

   - Planned training and other developmental opportunities designed to focus incumbent managers' attention on their managerial responsibilities and to enhance their abilities.

B. Each agency, by September 3, should identify (or establish) one executive selection and development system to serve as a model for stimulating the establishment of comparable systems in all major organizational components by the end of FY 1977.

C. As an immediate part of this long-range and continuing effort, agencies should, by September 21, implement an operational "high potential" identification system and prepare individual development plans for a small number of people with especially high potential.

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D. Agencies should, by August 23, begin a year-long program of evaluation of employee programs in order to identify priority ways of improving overall work force quality. These evaluations will cover the quality of recruitment, the employee performance evaluation process, career advancement, managerial incentives, and training programs.

E. Agencies should, by September 3, begin a year-long program for the careful, systematic reexamination of internal position management and classification systems called for in the President's May 27 memorandum, in accordance with CSC instructions issued July 2.

OMB and CSC may specify special reviews or instructions on a selective basis, in agencies where there seem to be excessive problems of overgrading, duplication of work, or underutilization of personnel resources.

F. Agencies should institute a program to refine existing productivity measurements and extend them to a substantial number of functions not now covered. They should include a progress report on this program as part of their FY 1978 budget submission. General guidance and assistance will be provided by the Bureau of Labor Statistics and the National Center for Productivity and Quality of Working Life.

Agencies should increase the applied use of productivity measures in supporting staffing and budget requirements and for purposes of management evaluation and control. A government-wide goal of two percent improvement in productivity, in the functions currently measured, will be set between now and the end of FY 1978. Each agency should include projected improvements in its calculations for its FY 1978 budget request.

G. Heads of agencies should take a personal interest in ensuring that Presidential employment ceilings for both full-time permanent and total employment are not exceeded.

H. Agencies should evaluate their current internal systems for administering personnel ceilings to look for better ways of ensuring compliance with those ceilings and providing flexibility for intra-agency ceiling reallocation. A report on this evaluation should be submitted to OMB by September 21.

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